

**REMARKS:**

Claims 1-9, 11-19, 21-29 and 31-45 are presented for examination, with claims 1-6, 8, 11-14, 18, 21-24, 28, 31-34 and 38-45 having been amended hereby and claims 10, 20 and 30 having been cancelled (without prejudice or disclaimer).

Reconsideration is respectfully requested of the rejection of claims 1-9, 11-19, 21-29 and 31-45 under 35 U.S.C. 101 as allegedly being directed to non-statutory subject matter (it is noted that the cancellation of claims 10, 20 and 30 has rendered their rejection moot).

Applicants do not necessarily concur with the Examiner in the Examiner's analysis of the claims under the applicable rules and regulations.

Nevertheless, in order to expedite prosecution of the application, each of independent claims 1-3 and 38-41 has been amended hereby to be more clearly directed to statutory subject matter by being amended to recite a computer implemented method including converting a first class of stock into a second class of stock.

In this regard, it is respectfully submitted that the currently claimed invention does not manipulate an abstract idea without practical application in the technological arts. Rather, the currently claimed invention does produce a "useful, concrete and tangible result" (i.e., the converting of one class of stock to another class of stock in connection with a computer implemented method for structuring an equity issue).

That the result is concrete and tangible is made clear by the fact that stock is converted from one class to another.

Moreover, that the result is useful is made clear in the specification, where numerous discussions of the usefulness of the invention may be found. For example, as discussed at page 6, line 5 to page 8, line 6:

The method of the present invention also provides a vehicle and/or a mechanism by which a parent company, which has both one or more on-going businesses and a closed block business, can effectively de-consolidate the following, but not limited to, financial reporting entries, financial statement(s) entries, the financial statement(s), the balance sheet(s), and/or any other financial reporting activities of the closed block business from the on-going business.

The method of the present invention can also be utilized in order to effectively de-consolidate the liabilities and/or debt(s) of the closed block business from the financial statement(s) entries, the financial statement(s), the balance sheet(s), and/or any other financial reporting activities, of the on-going business(es). Such

de-consolidation can be advantageous as the parent company can forego reporting the debts of the closed block business as debts of the on-going business, thereby providing a more advantageous and/or a more desirous financial reporting condition to the Class A shareholders of the on-going business. At the same time, the parent company can report on its consolidated statement, as a financial entry, the assets of the closed block business. In addition, the parent company's consolidated statement can provide a separate financial statement (e.g. in the form of a footnote) of the on-going business.

The method of the present invention can be utilized, for example, in any situation involving a business unit or entity which, while having an important role or place in an organization, or being an important component and/or entry on an organization's financial reporting statement(s) and/or on an organization's balance sheet(s), may otherwise be deemed to be a low-growth or low-margin business and/or for any reason, including, but not limited to, business, legal, regulatory, and/or other, reason(s), may be deemed to be undesirable, or viewed as a liability or potential liability, from a financial valuation perspective.

For example, low-growth or low-margin, or business units which may have liability exposure, while being a valuable asset to an organization, can also exist as a major liability or potential liability which can be a blemish on the organization's financial structure and can, therefore, impede or prevent the organization from reaching certain desired financial and/or fiscal goals. Low-growth or low-margin business units or business units which may have liability exposure, can also prevent the organization's stock from reaching certain growth or appreciation goals.

The method of the present invention can be utilized in order to separate or isolate certain selected financial statement entries of a closed block business entity from the financial statement entries of an on-going business. In this manner, liabilities and/or debt(s) of a closed block business would appear on the separate financial statements of the closed block business and would, therefore, not be reported on a financial statement(s) and/or a balance sheet(s), liabilities and/or debt(s), of the on-going business. At the same time, the parent company enters the assets of the closed block business on its financial statement(s) and/or balance sheet(s).

For example, the method of the present invention can be utilized in order to enable a parent company to classify and/or include the assets of a closed block business entity or subsidiary in its consolidated financial reporting activities, financial statement(s), and/or balance sheet(s) and, therefore, utilize same to report a more advantageous financial and/or fiscal state.

In accordance with the method of the present invention, the parent company can also utilize certain assets of the closed block business within certain regulatory and contractual restrictions. At the same time, the financial condition and/or the operations of the closed block business entity or subsidiary would not

impact upon the financial reporting condition and/or the operation of the on-going business.

The method of the present invention can be utilized in any number of scenarios in order to allow a parent company to de-consolidate the financial activities of an on-going business or businesses from a low-growth, low-margin business unit with trapped capital and/or capital the use of which may be restricted, and/or a business unit which may be operating in a traditionally risky or controversial business sector, such as, but not limited to, tobacco companies, drug manufacturers, insurance companies, food companies, and/or companies having diversified operating businesses or business units, etc.

In one exemplary use, the method of the present invention can also be utilized in the insurance field in order to establish a closed block business entity from an insurance company or business unit prior to, at the time of, and/or subsequent to, a de-mutualization of the insurance company or business unit and/or prior to, at the time of, and/or subsequent to, an initial public stock offering by the insurance company or business unit or by a related entity.

Thus, it is respectfully submitted that the rejection of claims 1-9, 11-19, 21-29 and 31-45 under 35 U.S.C. 101 as allegedly being directed to non-statutory subject matter has been overcome.

Accordingly, it is respectfully submitted that the rejection raised by the Examiner in the October 10, 2006 Office Action has been overcome.

Finally, it is noted that this Amendment is fully supported by the originally filed application and thus, no new matter has been added. For this reason, the Amendment should be entered.

For example, support for the amendments to claims 1-3 and 38-41 regarding the computer implemented method may be found in claims 1-3 and 38-41, as filed; at page 12, lines 6-14; and at page 13, lines 9-14.

Further, support for the amendments to claims 1-3 and 38-41 regarding converting one class of stock into another class of stock may be found, for example, in claims 10, 20 and 30, as filed.

Favorable reconsideration is earnestly solicited.

Respectfully submitted,  
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